

U S GLOBAL INVESTORS INC
Form 11-K
June 23, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ý Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2015
or

Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934
for the transition period from _____ to _____
Commission File Number 0-13928
U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
(Full title of the plan and the address of the plan,
if different from that of the issuer named below)

U.S. GLOBAL INVESTORS, INC.
7900 Callaghan Road
San Antonio, Texas 78229
Telephone Number: 210-308-1234

(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN

TABLE OF CONTENTS

	Page
<u>Statements of Net Assets Available for Benefits (Unaudited) – December 31, 2015 and 2014</u>	1
<u>Statement of Changes in Net Assets Available for Benefits (Unaudited) – Year Ended December 31, 2015</u>	2
<u>Notes to Financial Statements (Unaudited)</u>	3
<u>Signature</u>	12

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN

DECEMBER 31, 2015

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (Unaudited)

	December 31,	
	2015	2014
Assets		
Investments, at fair value:		
Participant-directed investments	\$4,797,182	\$4,866,473
Profit sharing managed pool	—	975,767
Total investments	4,797,182	5,842,240
Cash	14,040	13,139
Receivables:		
Participant contributions	—	—
Employer contribution	—	—
Participant loans	56,924	69,337
Interest and dividends	1,097	228
Total receivables	58,021	69,565
Total assets	4,869,243	5,924,944
Liabilities		
Due to broker	12,944	13,139
Accrued expenses	6,863	8,413
Total liabilities	19,807	21,552
Net assets available for benefits	\$4,849,436	\$5,903,392

The accompanying notes are an integral part of these financial statements.

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN

DECEMBER 31, 2015

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (Unaudited)

	Year ended December 31, 2015
Additions:	
Interest income on notes receivable from participants	\$3,305
Contributions:	
Participants	282,908
Employer	129,269
Total contributions	412,177
Total additions	415,482
Deductions:	
Benefits paid to participants	805,508
Administrative expenses	30,963
Total deductions	836,471
Investment income (loss):	
Dividend income	32,492
Net depreciation in fair value of investments	(665,459)
Total investment loss	(632,967)
Net decrease in net assets available for benefits	(1,053,956)
Net assets available for benefits:	
Beginning of year	5,903,392
End of year	\$4,849,436

The accompanying notes are an integral part of these financial statements.

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1. DESCRIPTION OF PLAN

U.S. Global Investors, Inc. (the “Company” or “USGI”) is a publicly held investment advisory company headquartered in San Antonio, Texas, with less than 100 employees.

USGI’s class A common stock trades on NASDAQ under the symbol “GROW.”

The following description of the U.S. Global Investors, Inc. 401(k) Plan (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering all employees of the Company who have completed 250 hours of service within the three-month time period following employment date, or one year of service (minimum 1,000 hours). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

USGI is the Plan sponsor and administrator. BOKF, NA, a wholly owned subsidiary of BOK Financial Corporation, is the trustee, holds the Plan’s investments in trust and performs recordkeeping and certain administrative services for the Plan.

Participation

Participation in the Plan is voluntary. Eligible employees may enroll on any entry date (January 1, April 1, July 1 or October 1) after meeting the eligibility requirements.

Contributions

Participants may contribute a percentage of their compensation up to annual limitations set by law. The limitation for 2015 was \$18,000 with an additional \$6,000 catch-up contribution for participants age 50 or older. These contributions are withheld from a participant’s payroll and contributed to the Plan as a salary deferral. There are two types of salary deferrals: regular 401(k) deferrals and Roth 401(k) deferrals.

The Plan operates as a “safe harbor 401(k) plan.” As such, the Company will make a matching contribution equal to 100% of the salary deferrals that do not exceed 3% of a participant’s compensation plus 50% of the salary deferrals between 3% and 5% of the participant’s compensation. The Company match is calculated and funded each pay period; it is allocated at the time of remittance according to each participant’s investment selections.

The Plan has an automatic enrollment feature whereby, upon eligibility, the Company will withhold 2% of a participant’s compensation each payroll period to contribute to the Plan on a pre-tax basis. The default investment is the Fidelity Balanced Fund. A participant may elect at any time to select an alternative deferral amount or investment or not to defer.

The Company may also make a discretionary profit-sharing contribution to the Plan that would be allocated to each eligible employee based on compensation. A participant must be actively employed on the last day of the Plan year to

be eligible to receive a share of the profit-sharing contribution. The Company did not make a discretionary contribution for 2014 or 2015.

Any participant can make rollover contributions to the Plan.

3

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENTS (Unaudited)

Participant Accounts

Each participant's account is credited with the participant's contribution and allocation of the Company's contribution and Plan earnings. Administrative fees are also allocated to participants' accounts. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately and always 100% vested in their entire account balance, including salary deferrals, Company contributions and actual earnings thereon.

Participant-Directed Investment Options

With the exception of the Profit Sharing Managed Pool, investments of the Plan are participant directed. A participant may direct contributions to and may transfer existing account balances between any of the following current investment options.

Caval Hill Cash Management Fund
* U.S. Government Securities Ultra-Short Bond Fund
Vanguard Intermediate-Term Treasury Fund
Fidelity Balanced Fund
* All American Equity Fund
* Holmes Macro Trends Fund
* Global Resources Fund
* World Precious Minerals Fund
* Gold and Precious Metals Fund
* Emerging Europe Fund
* China Region Fund
MAP Target 2020 Fund
MAP Target 2030 Fund
MAP Target 2040 Fund
MAP Target 2050 Fund
U.S. Global Investors, Inc. Stock Fund (the "Stock Fund")
Self-Directed Account Option

* Fund is in the U.S. Global Investors Funds series managed by USGI.

With the exception of the MAP Target Date Funds, the Stock Fund and the Self-Directed Account Option, all investment options are open-end mutual funds.

The MAP Target Date Funds are common trust funds. BOKF, NA, a wholly owned subsidiary of BOK Financial Corporation, is trustee and custodian of these funds. A subsidiary of BOKF, NA is the adviser of Caval Hill Cash Management Fund.

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN DECEMBER 31, 2015 NOTES TO FINANCIAL STATEMENTS (Unaudited)

The Stock Fund is a unitized fund, which means participants do not own shares of Company stock directly but rather own an interest in the unitized fund. The fund consists of class A common stock of the Company and a money market mutual fund for liquidity purposes. The value of a unit reflects the combined value of the Company stock and cash equivalents held by the fund. The Plan owns the underlying assets of shares in common stock and the money market mutual fund.

The Self-Directed Account Option allows a participant to invest in a broad range of mutual funds and individual securities not offered within the Plan's options.

Participants may change their investment options and transfer amounts between investment options daily (current employees must comply with the Company's Code of Ethics in making any such changes or transfers).

Participants should refer to the fund prospectus or other investment document for information on a fund's investment risk, objective, fees and expenses.

Payment of Benefits

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of his or her account, or a rollover to another qualified plan or IRA. If the account value is between \$1,000 and \$5,000, the Plan administrator will roll the balance over to an IRA, unless the participant instructs to receive a lump-sum amount or rollover to another qualified account. If the account value exceeds \$5,000, the participant must consent to the distribution before it can be made.

Distributions prior to termination of service are allowed under certain circumstances.

Participant Loans

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their account balance. Loan transactions are treated as transfers between the investment fund and the participant loan fund. The loan is secured by the balance in the participant's account and bears interest at prime plus 1 percent as of loan issuance. As of December 31, 2015, the interest rate on outstanding participant loans was 4.25% and maturity dates ranged from September 2016 to August 2020. Principal and interest is paid ratably through payroll deductions.

Administrative Expenses

BOKF, NA receives compensation for its services in the form of quarterly administration fees and transaction fees. Administration fees paid by the Plan for 2015 totaled \$30,489, of which \$6,863 was paid in 2016 by the Plan. Transaction fees relating to individual participant transactions, such as distribution and loan origination fees, and the self-directed account option are deducted from the respective participant's account.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENTS (Unaudited)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Income Recognition

Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Net appreciation (depreciation) in fair value of investments consists of net realized gains and losses on the sale of investments and net unrealized appreciation (depreciation) of investments.

Contributions

Employee contributions are recorded in the period during which the Company makes payroll deductions from the Plan participants' earnings. Matching Company contributions are recorded in the same period.

The discretionary Company profit-sharing contribution is funded annually, if made, and recorded in the applicable plan year.

Payment of Benefits

Benefits are recorded when paid.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-07, Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize investments measured using the net asset value ("NAV") practical expedient in the fair value hierarchy table. Entities will be required to disclose the fair value of investments measured using the NAV practical expedient so that financial statement users can reconcile amounts reported in the fair value hierarchy table to amounts reported on the balance sheet. The new guidance will be applied retrospectively and is effective for the Plan for the year ending December 31, 2016. Early adoption is permitted. Management is currently evaluating the impact that the new guidance will have on the Plan's financial statements.

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
 DECEMBER 31, 2015
 NOTES TO FINANCIAL STATEMENTS (Unaudited)

In July 2015, the FASB issued ASU No. 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960) Defined Contribution Pension Plans (Topic 962) Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient ("ASU 2015-12"). Part I and Part III are not applicable to the Plan. Part II simplifies the investment disclosures required for employee benefit plans, including eliminating the requirements to disclose: (a) individual investments that represent 5% or more of net assets available for benefits, (b) net appreciation (depreciation) by individual investment type, and (c) investment information disaggregated based on the nature, characteristics and risks. The requirement to disaggregate participant-directed investments within a self-directed brokerage account has also been eliminated. Self-directed brokerage accounts should be reported as a single type of investment. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The Plan elected to retrospectively early adopt the applicable parts of this ASU as of December 31, 2015.

NOTE 3. PLAN TRUSTEE

BOKF, NA is the Plan trustee and holds the Plan's investments in trust. It also performs recordkeeping and certain administrative services for the Plan. BOKF, NA receives compensation in the form of quarterly administrative fees from the Company or the Plan for its services and certain transaction fees from participants.

NOTE 4. INVESTMENTS

The Plan's investments, which are set forth in the following table, are held in a bank-administered trust.

	December 31,	
	2015	2014
Caval Hill Cash Management Fund	\$122,855	\$108,333
U.S. Government Securities Ultra-Short Bond Fund	928,102	784,621
Vanguard Intermediate-Term Treasury Fund	130,919	135,426
Fidelity Balanced Fund	644,159	612,193
All American Equity Fund	344,075	369,069
Holmes Macro Trends Fund	517,630	607,562
Global Resources Fund	191,567	191,290
World Precious Minerals Fund	60,005	51,158
Gold and Precious Metals Fund	66,296	53,234
Emerging Europe Fund	68,092	96,298
China Region Fund	97,011	73,280
MAP Target 2020 Fund	5,194	5,257
MAP Target 2030 Fund	321,380	701,321
MAP Target 2040 Fund	327,837	305,101
MAP Target 2050 Fund	47,444	47,488
Stock Fund	286,175	724,842
Self-Directed Account Option	638,441	-
Profit Sharing Managed Pool *	-	975,767
	\$4,797,182	\$5,842,240

* Nonparticipant-directed. See Note 5.

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
 DECEMBER 31, 2015
 NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 5. NONPARTICIPANT-DIRECTED INVESTMENTS

The Profit Sharing Managed Pool was a nonparticipant-directed investment managed by the Company. Information about the net assets and the significant components of the changes in net assets relating to the Profit Sharing Managed Pool is as follows:

	December 31, 2015	2014
Net Assets:		
Mutual funds ¹	\$-	\$952,360
Cash equivalent	-	23,323
Dividends receivable	-	84
	\$	\$975,767
	Year ended December 31, 2015	
Changes in Net Assets:		
Net appreciation		\$16,202
Dividends		269
Benefits paid to participants		(63,112)
Net loan activity		(919)
Administrative expenses		(1,542)
Transfers into Participant-Directed Investments		(926,665)
		\$(975,767)

On May 13, 2015, the Profit Sharing Managed Pool was closed and each participant's balance was transferred into the identical investment as the asset allocation model used by the Profit Sharing Managed Pool. Participants may now direct these investments.

NOTE 6. FAIR VALUE MEASUREMENTS

The Plan's financial instruments consist primarily of mutual funds, target date funds organized as common trust funds, the Company Stock Fund and a self-directed account option. As discussed in Note 5, there was also a profit sharing managed pool until May 2015. Three levels of inputs are used to measure the fair value of Plan investments:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Significant observable inputs (including quoted prices for similar assets and liabilities in active markets).

Level 3 – Significant unobservable inputs (for example, cash flow modeling inputs based on assumptions). As of December 31, 2015, and 2014, the Plan did not hold any Level 3 investments.

¹ Mutual fund investments of the Profit Sharing Managed Pool consisted of funds identified as managed by USGI in Note 1.

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
 DECEMBER 31, 2015
 NOTES TO FINANCIAL STATEMENTS (Unaudited)

Following is a description of the valuation methodologies used for assets measured at fair value by the Plan. There have been no changes in the methodologies used at December 31, 2015, and 2014, except that the methodology for the self-directed account option was added as there are now assets in that investment.

Mutual funds: Valued at the net asset value ("NAV") of shares held. The funds are traded on an active market. The net asset value of the mutual fund's shares is the closing price as quoted on the exchange where the fund is traded and, therefore, classified as Level 1 within the valuation hierarchy.

Common trust funds: Valued using the NAV provided by the trustee of the fund. The NAV is based on the value of the underlying assets owned by the fund, less its liabilities, and then divided by the number of units outstanding. Underlying assets consist of investments traded on active markets. These funds permit daily redemption of units. Common trust funds are classified as Level 2 within the valuation hierarchy.

Stock Fund: Valued using quoted market price of stock, plus the value of any cash equivalent. The Stock Fund is classified as Level 1 within the valuation hierarchy.

Self-directed account option: Accounts consist of mutual funds and common stocks that are valued on the basis of readily determinable market prices.

Profit Sharing Managed Pool: Valued at the NAV of shares in mutual funds held at year-end, plus the value of any cash equivalent. The Profit Sharing Managed Pool was classified as Level 1 within the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the Plan's investments at fair value by level, within the fair value hierarchy, as of December 31, 2015, and 2014. Classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investment Assets at Fair Value as of December 31, 2015				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$3,170,711	\$-	\$ -	\$3,170,711
Common trust funds	-	701,855	-	701,855
Stock fund	286,175	-	-	286,175
Self-directed account option	638,441	-	-	638,441
Total	\$4,095,327	\$701,855	\$ -	\$4,797,182

Investment Assets at Fair Value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total

Edgar Filing: U S GLOBAL INVESTORS INC - Form 11-K

Mutual funds	\$3,082,464	\$-	\$ -	\$3,082,464
Common trust funds	-	1,059,167	-	1,059,167
Stock fund	724,842	-	-	724,842
Profit Sharing Managed Pool	975,767	-	-	975,767
Total	\$4,783,073	\$1,059,167	\$ -	\$5,842,240

9

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENTS (Unaudited)

There were no transfers in or out of Levels 1, 2 or 3 during the periods.

There are no Plan liabilities required to be recorded at fair value at December 31, 2015, and 2014.

NOTE 7. PARTIES-IN-INTEREST TRANSACTIONS

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer and certain others.

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan, including the Company. Certain Plan investments are shares of mutual funds managed by USGI. Because USGI is the Plan administrator as defined by the Plan and the Plan sponsor, these transactions qualify as party-in-interest transactions. The Plan does not pay explicit fees for investment management services. Fees and expenses paid by the mutual funds are reflected as a reduction of the return earned on each fund.

The Stock Fund includes class A common stock of USGI. Since USGI is the Plan administrator and sponsor, investments involving USGI stock qualify as party-in-interest transactions. The market value of USGI class A common stock held in the Stock Fund at December 31, 2015, was \$269,123 (230,020 shares). The Stock Fund received \$12,076 in dividends from USGI stock in 2015.

Participant loans are also considered party-in-interest transactions.

Cavanal Hill Cash Management Fund, a money market fund, is an investment option in the Plan. In addition, a portion of the Stock Fund is, and the Profit Sharing Managed Pool was, invested in this fund. This fund is managed by Cavanal Hill Investment Management, Inc., a wholly owned subsidiary of BOKF, NA, so these transactions qualify as party-in-interest transactions. The Plan does not pay explicit fees for investment in this mutual fund. Fees and expenses paid by the mutual fund are reflected as a reduction of the return earned on the fund.

BOKF, NA is the trustee and custodian for the MAP target date funds; transactions in these common trust funds also qualify as party-in-interest transactions. The Plan does not pay explicit fees for investment in the MAP funds. Fees and expenses paid by the common trust funds are reflected as a reduction of the return earned on each fund.

NOTE 8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE 9. TAX STATUS

The Plan is qualified and the trust established under the Plan is exempt from federal income taxes as provided by the appropriate sections of the Internal Revenue Code ("IRC"). The Plan has adopted the BOKF, NA Volume Submitter Profit Sharing Plan with CODA, which has received a favorable opinion letter from the IRS dated September 30, 2014, stating that the prototype is designed in accordance with the applicable sections of the IRC. The Plan administrator and management believe that the Plan is designed and is currently being operated in compliance with applicable requirements of the IRC and that the Plan and related trust continue to be tax exempt. Therefore, no

provision for income taxes has been recorded.

10

Table of Contents

U.S. GLOBAL INVESTORS, INC. 401(k) PLAN
DECEMBER 31, 2015
NOTES TO FINANCIAL STATEMENTS (Unaudited)

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015, there are no uncertain positions taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to tax examinations for years prior to 2012.

NOTE 10. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and amounts reported in the Statements of Net Assets Available for Benefits.

NOTE 11. SUBSEQUENT EVENTS

In January 2016, the Company filed a post-effective amendment with the Securities and Exchange Commission to deregister any and all securities previously registered under the Plan that remained unsold.

The Plan has evaluated for disclosure any subsequent events through the date these financial statements were issued.

Table of Contents

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the administrator of the U.S. Global Investors, Inc. 401(k) Plan has duly caused this annual report to be signed on behalf of the U.S. Global Investors, Inc. 401(k) Plan by the undersigned, thereunto duly authorized.

U.S. Global Investors, Inc. 401(k)
Plan

Date: June 23, 2016

By: /s/ Lisa C. Callicotte
Name: Lisa C. Callicotte
Title: Chief Financial Officer of
U.S. Global Investors, Inc.
Plan Administrator